



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the September 2005 Transaction Privilege Tax Return.

CITY OF SAFFORD

Effective November 1, 2005: On August 22nd, 2005 the Mayor and City Council of the City of Safford passed ordinance number 05-002. Ordinance 05-002 increases the Safford City Privilege Tax from **2% to 2.5%**. The tax rate increase affects the following classifications:

Advertising; Amusements; Contracting; Feed at Wholesale; Job printing; Manufactured buildings; Timbering and other extraction; Publishing; Rental Occupancy; Hotels; Rental of real property; Rental of tangible personal property; Restaurants and Bars; Retail Sales; Telecommunications; Transporting for hire; Utilities and Use Tax.

The increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of the ordinance. Pre-existing contracts should be reported using **SF009** at a rate of **2%**.

ATTENTION EMPLOYERS!!

Senate Bill 1238 (Chapter 311), as enacted by the legislature and signed by Governor Napolitano, amends Arizona's withholding statutes to provide a voluntary election by employers to not withhold Arizona taxes from employee compensation paid during the month of December. **For 2005, this election must be made by October 1;** for any subsequent year, the election must be made by July 1 of that year.

A.R.S. § 43-401 was amended by inserting a new subparagraph B stating,

"An employer may voluntarily elect to not withhold tax during December by notifying:

1. The department on a form prescribed by the department.
2. The employer's employees in writing in a manner prescribed by the department."

Section 5 of SB 1238 states:

"A. This act is effective from and after August 31, 2005.

B. Before October 1, 2005, and before July 1 each year thereafter, each employer who chooses to not withhold tax pursuant to section 43-401, subsection B, Arizona Revised Statutes, as amended by this act shall notify each employee that:

1. State income taxes will not be withheld from compensation in December.
2. The employee may elect to change the rate of withholding tax prescribed by section 43-401, Arizona Revised Statutes, to compensate for the resulting change in annual withholding from the employee's compensation."

If you choose to not withhold Arizona taxes from wages you pay in December 2005, please complete the Form A1-E, Employer's Election to Not Withhold Arizona Taxes in December, and mail it to the address at the bottom of the form by October 1. You may find this form on the department's website, www.azdor.gov. You must also notify your employees in writing and provide the Form A-4, Employee's Arizona Withholding Percentage Election, to increase their Arizona withholding rate for the months of October and November if they wish.

DEPARTMENT OF REVENUE TELEPHONE NUMBERS & WEB ADDRESSES

Transaction Privilege Use, Withholding Tax, Licensing.....(602) 255-2060
Toll-free from area codes 520 and 928.....(800) 843-7196
Hearing Impaired TDD User(602) 542-4021
Toll-free from area codes 520 and 928.....(800) 397-0256
To order forms by phone.....(602) 542-4260
Forms and instructions are also available on our website at www.azdor.gov
Businesses can now register, file and pay online at..... www.AZTaxes.gov